

## Message Text

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44

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01 EB-07

IGA-02 TRSE-00 /066 W

----- 071969

R 090843Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7211

INFO SECDEF WASHDC

JCS WASHDC

CINCPAC HONOLULU

CINCPACAF

CINCPACFLT

CINCPACREPHIL SUBIC

CG 13TH AF CLARK AB

C O N F I D E N T I A L MANILA 9972

CINCPAC ALSO FOR POLAD

FROM USDEL 100

E O 11652: GDS

TAGS: MARR, RP

SUBJ: PHILIPPINE BASE NEGOTIATIONS: TAXATION SALES AND SERVICES

REF: MANILA 9841 (USDEL 89)

1. SUMMARY. PHIL REP PRESENTED DRAFTS ACKNOWLEDGING LIMITED TAX EXEMPTION FOR US FORCE AND MEMBERS ON PROPERTY IMPORTATION, REAFFIRMED PHIL POSITION ON CONTRACTOR TAXATION AND SALES AND SERVICES, AND PROVIDED DRAFT ON DECLARATION TO BE USED BY US PERSONNEL RELATIVE TO LOCAL INCOME. END SUMMARY.

2. PHIL REP PROVIDED FOUR DRAFT PARAGRAPHS COVERING VARIOUS ASPECTS OF PROPERTY IMPORTATION. THESE APPARENTLY CONSTITUTE THE "REDRAFT" OF OUR ARTICLES PROMISED TWO WEEKS AGO. WE  
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EXPECT FURTHER PIECEMEAL REDRAFTS, BUT NO LONGER A COM-

PREHENSIVE TEXT IN THE NEAR FUTURE. ON CONTRACTORS, DRAFT PROVIDES QUOTE MATERIALS, EQUIPMENT, SUPPLIES AND GOODS DESTINED FOR OR CONSIGNED TO CONTRACTORS SHALL BE SUBJECT TO ALL TAXES, DUTIES AND CHARGES UNQUOTE. US REP REITERATED TOTAL UNACCEPTABILITY OF CONCEPT AND PHIL REP AGAIN DISCLAIMED AUTHORITY TO DEVIATE FROM POSITION.

3. A SHORTER, REVISED VERSION OF US ART X (1) ON PROPERTY IMPORTATIONS IS CONFINED TO "OFFICIAL PURPOSES" AND IS CLEARLY INTENDED TO EXCLUDE BX AND COMMISSARY ITEMS FROM CATEGORY OF MATERIAL, EQUIPMENT, SUPPLIES, AND GOODS EXEMPT FROM CUSTOMS DUTIES, TAXES AND OTHER CHARGES. A BRIEF REHASH OF RELATIVE POSITIONS PRODUCED NO TANGIBLE RESULTS BUT PHIL REP HINTED THAT WHEN AND IF AGREEMENT REACHED ON MAJOR ISSUES AN ACCOMODATION WOULD BE PROBABLE.

4. DRAFT ON IMPORTATION OF PERSONAL EFFECTS EXCLUDES MOTOR VEHICLES, MOTORCYCLES, AIRCRAFT AND WATERCRAFT FROM CUSTOMS EXEMPTION; LIMITS PERIOD FOR TAX EXEMPTION IMPORTATION TO WITHIN 90 DAYS OF ARRIVAL OF MILITARY OR CIVILIAN PERSONNEL; AND LIMITS TO TWO ITEMS EACH IMPORTATION OF CERTAIN HOUSEHOLD EFFECTS SUCH AS REFRIGERATORS, FREEZERS, TAPE RECORDERS ETC. US REP EXPLANATION OF DIFFICULTIES PROPOSAL WOULD CAUSE LED TO SOMEWHAT UNDEFINABLE SOFTENING OF POSITION. BELIEVE FURTHER DISCUSSIONS WILL RESULT IN MUCH MORE SATISFACTORY POSITION PROBABLY ALONG LINES OF SPANISH FORMAT LEAVING ONLY A FEW HARD CORE ISSUES TO BE REFERRED TO PLENARY.

5. FINAL PARAGRAPH PROSCRIBES TRANSFER OF DUTY FREE PROPERTY TO NON TAX EXEMPT PERSONS EXCEPT ON PAYMENT OF APPROPRIATE TAX. DRAFT REQUIRES MINOR REWRITE FOR CLARITY AND SHOULD THEN BE EASILY ACCEPTABLE SINCE IN ACCORD WITH BOTH CURRENT POLICY AND PRACTICE.

6. PHIL REP PROVIDED DRAFT FORM FOR USE REPORTED PARA 4 REFTEL BUT NO AMENDMENT TO ARTICLE. FORM READS AS FOLLOWS:

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SURNAME FIRST NAME MIDDLE NAME FILE NO:

LOCAL ADDRESS DATE OF BIRTH  
NO. STREET, CITY/MUN. PROV.)

1. NATIONALITY: 2. SSAN: 3 RANK OR POSITION:

4. OFFICE/UNIT: 5. SPOUSE'S PROFESSION/OCCUPATION:

6. DID YOU OR YOUR SPOUSE EARN OR DERIVE INCOME IN THE PHILIPPINES OTHER THAN SALARIES FROM SERVICES OR EMPLOYMENT IN THE U.S. ARMED FORCES? ---YES ---NO

7. ARE YOU OR YOUR SPOUSE ENGAGED IN BUSINESS IN THE PHILIPPINES? ---YES ---NO

8. FOR THE PRECEDING YEAR, DID YOU RECEIVE INTEREST OR DIVIDENDS FROM PHILIPPINE SOURCES? ---YES ---NO

IF YOUR ANSWERS TO QUESTIONS 6, 7, OR 8 ARE IN THE AFFIRMATIVE, AND IF YOUR INCOME FROM PHILIPPINE SOURCES IS \$3,900 OR MORE IN ONE CALENDAR YEAR, YOU ARE REQUIRED TO FILE A PHILIPPINE INCOME TAX RETURN.

I DECLARE UNDER THE PENALTIES OF PERJURY THAT THIS STATEMENT HAS BEEN MADE IN GOOD FAITH, VERIFIED BY ME AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IS TRUE, CORRECT AND COMPLETE

-----  
AFFIANT

END QUOTE.

7. FORM WOULD BE EXECUTED ANNUALLY AND PRIOR TO PERMANENT DEPARTURE FROM COUNTRY. IF TAX DECLARATION CONCEPT IS ACCEPTABLE, BELIEVE FORM SHOULD BE US RATHER THAN RP, INCLUDE PRIVACY ACT WARNING AND STANDARD PENALTY OATH. PHIL REP CONTEMPLATES FILING OF FORM WITH U.S. AUTHORITIES AND TRANSMITTAL TO RP OFFICIALS ONLY IN CASE OF AFFIRMATIVE ANSWERS TO QUESTIONS 6, 7, OR 8. THIS  
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APPROACH WOULD OBVIATE PROBLEM OF PROSECUTIONS FOR FALSE SWEARING UNDER PHIL LAW, AND WOULD PROBABLY PROVIDE THE MOST GENUINE PRACTICAL DETERRENT TO U.S. PERSONNEL AVOIDING LEGITIMATE PHIL TAXES. AS NOTED REFTTEL BELIEVE WE CAN LIVE WITH FORM.

8. REQUEST COMMENTS.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY BASE AGREEMENTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 JUL 1976  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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Margaret P. Grafeld  
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**To:** STATE  
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